

# Bangladesh, India sign deal on stockmarket

STAR BUSINESS REPORT

Bangladesh Securities and Exchange Commission yesterday signed a deal with the Securities and Exchange Board of India (SEBI) to deepen bilateral cooperation for capital market development.

BSEC Chairman M Khairul Hossain and SEBI Chairman UK Sinha signed the memorandum of understanding at Gono Bhaban in Dhaka, in the presence of Prime Minister Sheikh Hasina.

Under the deal, the two regulators will exchange experiences and views, especially for the development of Bangladesh's capital market. This is the first time the Bangladesh stockmarket regulator signed a deal with another securities regulator.

However, the details of the deal will be disclosed later, as the two regulators were still fine-tuning some issues last night.

A meeting will also be held between the SEBI officials and stakeholders of the Bangladesh

capital market at Radisson Hotel in Dhaka today.

Earlier in 2013, the BSEC signed a multilateral deal with the International Organisation of Securities Commissions, the association of national securities regulatory agencies; it opened the door to BSEC to access international cooperation on securities markets worldwide.

Hasina said the government will continue to provide necessary support for capital market development as it can help collect the required capital to build industrial units and infrastructure, according to news agency UNB.

"To achieve sustainable development goals, huge investment is necessary. A bold, accountable and effective capital market plays an important role in collecting required capital for building industries and infrastructure. I hope the BSEC will remain vigil and take farsighted steps in this regard," she said.

Hasina hoped that the deal signed between the two regulators will help the economies of both countries.

To build a transparent, accountable, skilled, stable and strong capital market in the country, Hasina said her government has been implementing a number of programmes, including strengthening the BSEC through enactment of laws, undertaking programmes to protect investors' interests and ensure good governance.

The steps include introduction of a tribunal for capital market cases, introduction of improved digital process for detecting irregularities in share transactions, management of share-related activities and enactment of a financial reporting law, Hasina said.

"I think an opportunity will be created to strengthen our capital market by utilising the experiences of the Securities and Exchange Board of India through the signing of this MoU. I would like to request the Bangladesh Securities and Exchange Commission to introduce a financial literacy programme for creating awareness among investors."



EXIM BAN

Rezwana Ahamed Taufiq, a lawmaker from Kishoreganj, and Mohammed Haider Ali Miah, managing director of Exim Bank, inaugurate the bank's 98th branch at Mithamoin, Kishoreganj on Saturday.

## Easy Fly Express starts operations

STAR BUSINESS DESK

Easy Fly Express, a private Bangladeshi cargo airline, has commenced commercial operations with its maiden flight on the Cox's Bazar-Jessore route.

In 2014, Karnaphuli Group purchased the company established in 2007. Easy Fly Express will provide domestic, regional and international scheduled and non-scheduled cargo services, the company said in a statement yesterday.

Regensea Lines will be its general sales agent in Bangladesh and Blue Sky Associates the cargo sales agent in Cox's Bazar.

## New office bearers for IBCCI

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Taskeen Ahmed, managing director of Ifad Autos Ltd, has been elected as the president of India-Bangladesh Chamber of Commerce and Industry (IBCCI) for the 2015 -17 period, the chamber said in a statement yesterday.

The chamber also elected Aditya Ajit Kumar Shome, managing director of Marico Bangladesh Ltd, and Dewan Sultan Ahmed, managing director of Bangladesh System Technologies Ltd, as its vice presidents for the same tenure, according to the statement.



Taskeen Ahmed

## US pushes China on market access, little progress seen

REUTERS, Guangzhou, China

The United States pushed China for greater market access at annual trade talks in China on Sunday, though few breakthroughs are expected amid tensions over cyber hacking and rules that could hamper foreign tech firms.

Presidents Barack Obama and Xi Jinping agreed in September that neither government would knowingly support cyber theft of corporate secrets to support domestic businesses, but US experts argue Chinese hackers have continued to penetrate US firms.

Those issues, and slow progress on a bilateral investment treaty (BIT), have combined to sour commercial relations, and experts think the meeting of the Joint Commission on Commerce and Trade (JCCT) that ends on Monday in the southern Chinese city of Guangzhou will do little to alleviate the mood.

At the talks, US Trade Secretary Michael Froman called on China to allow "substantial liberalization" of a so-called "negative list" regulating foreign market access to China.

"Significant work remains," Froman told a business lunch at a venue on Shamian Island, on the banks of the Pearl River, a historical trading port for China and the West over centuries past, in the city formerly known as Canton.

"To make it worthwhile, there's no cutting corners and it will take high-level political will to get it right."

China has repeatedly pledged to slacken restrictions on its manufacturing and service sectors, but regulators issued a negative list of prohibited and restricted industries for foreign investors in March. US business lobbies have said it is too broad and must be whittled back.

As it now stands, there are prohibitions on foreign investment in 36 sectors, while 38 sectors are restricted.

Chinese Vice Premier Wang Yang, the most senior Chinese official at the talks who oversees trade and investment, gave no initial indication of Chinese concessions.

"We do face some waves or ups and downs in China-US trade relationship," Wang said in a speech. "What we need to do now is to turn the political will and joint expectation into concrete outcomes of co-operation."

## BoP surplus widens

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A finance ministry official said public and private sector investment have not picked up yet, which prompted the fall in imports.

The sluggish spending of the fund set aside for the development projects is also to blame.

In the first three months of the current fiscal year, the implementation of the annual development programme was 11 percent of the total allocation, the lowest in three years.

In July-September, the private sector credit grew only 2.63 percent, which was 2.93 percent in the same period a year ago.

A Bangladesh Bank official said imports also decreased because of the fall in petroleum price in the international market.

Petroleum imports fell by 52 percent and raw materials imports plunged by 3.21 percent in the first quarter, according to the central bank's data on letter of credit settlement.

As a result of the decline in imports, trade deficit fell by 38 percent to \$1.51 billion in the period.

The rise in the flow of foreign direct investment also contributed to the overall BoP surplus.

In the quarter, FDI flow went up by about 36 percent to \$449 million.

There was a turnaround in case of errors and omissions too: it was \$346 million in inflows and \$108 million in outflows.

In recent times, Bangladesh Bank has beefed up its monitoring of import-export activities, which has cut the siphoning of money abroad through over- and under-invoicing, said a central bank official.

Thanks to the healthy balance of payments, foreign currency reserves have piled up.

On November 18, the reserves stood at \$26.33 billion, which was \$25.02 billion at the end of June.

Since the reserves are at a satisfactory level, the central bank is in a comfortable position regarding exchange rate management, the official said.

In the inter-bank foreign exchange market, the average exchange rate hovered around Tk 77 a US dollar in the last four months.

However, the dollar has gained slightly against the taka this month. On November 18, the exchange rate was Tk 78.69 against a dollar.



PRIME BANK

Md Ahsan Ullah, executive director of Bangladesh Bank, and Ahmed Kamal Khan Chowdhury, managing director of Prime Bank, exchange documents of a participation agreement while Atiur Rahman, governor of Bangladesh Bank, looks on, on the premises of Bangladesh Bank for a long-term financing facility under Financial Sector Support Project supported by the World Bank on Thursday.

## Training institute launched for garment workers

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The Centre of Excellence for Bangladesh Apparel Industry (CEBAI) has received accreditation as a registered training organisation from the Bangladesh Technical Education Board, the body that assures quality and provides certification for technical and vocational education.

CEBAI was established through a joint effort of the International Labour Organisation, the Bangladesh Garment Manufacturers and Exporters Association, Swedish retailer H&M and the Swedish government in late 2014, the United Nations agency said in a statement yesterday.

The role of the CEBAI is to implement certified training within the national skills development policy of Bangladesh with the view to improving the quality of work and productivity in garment factories and enabling workers to have their skills formally recognised, according to the statement.

Srinivas B Reddy, ILO country director

for Bangladesh, said: "ILO considers CEBAI as an important new institution driven by the industry to play a valuable role in meeting the changing needs of the Bangladesh garment sector as it seeks to move up the value chain."

At the same time, it will help the garment workers, particularly women, improve their skills, incomes and gain skills certification, he said.

The certification will enable CEBAI to run training courses as per the National Technical and Vocational Qualification Framework, a competency-based training methodology.

The accreditation will also help CEBAI conduct certification for recognition of prior learning.

CEBAI will also deliver training and certification for instructors, industry trainers and assessors and also work with managers and owners of enterprises. The majority of the beneficiaries will be women and 5 percent people with disabilities.

## Wal-Mart still ignoring Tazreen fire victims: IndustriALL

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Once again, Wal-Mart is ignoring its responsibilities and failing victims," she added. The aim of the Trust is to receive and review claims, and make the payments to the victims and the eligible family members of the deceased or missing.

Furthermore, a Tazreen steering committee comprising Bangladeshi groups that work directly with the affected families has been set up to advise the Trust.

"Thanks to the regular support of the ILO, the government of Bangladesh and the signatory organisations, we are happy to get the Tazreen Claims Administration Trust up and running," said Mojtaba

Kazazi, executive commissioner of the Tazreen Claims Administration.

"After all the hardship and trauma the victims and their families have been through, they will finally be able to receive the payments they are due."

The payment scheme will build on the payments already made by the Prime Minister's Office and Bangladesh Garment Manufacturers and Exporters Association to the families of deceased and missing workers, according to the Trust. So far, each victim received three-month salary and overtime allowance from BGMEA and Tk 1 lakh in compensation from a government fund.



SIBL

SK Sur Chowdhury, deputy governor of Bangladesh Bank, and Md Rezaul Haque, chairman of Social Islami Bank, cut a cake to mark the bank's 20th anniversary at a programme in Dhaka yesterday. Md Shafiqur Rahman, managing director of Social Islami Bank, was also present.

## Banks instrumental in curbing illicit money outflow

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Bangladesh is the first country in South Asia to establish an anti-money laundering department, in 2002. It now works as the financial intelligence unit of the country.

The country has signed agreements with financial intelligence units of 24 countries after it became a member of the EGMONT Group, the global anti-money laundering body. Bangladesh is also a founding member of Asia Pacific Group on Money Laundering.

Still, in December 2014, Washington-based Global Financial Integrity ranked Bangladesh 51st among 145 countries adversely affected by illicit capital flight.

Between 2001 and 2010, the country lost around \$14 billion through illicit capital outflow, while 75 percent of the amount was through the manipulation of export and import invoicing, according to the paper.

Swiss National Bank's annual report says deposits by Bangladeshi citizens at various Swiss banks rose by 62 percent year-on-year in 2013, bringing the aggregate amount of deposits to \$401 million.

According to the paper, the main reason behind capital flight from Bangladesh is economic crimes that are generated through huge illegal incomes whether from the wilful default of bank loans, manipulation in stock exchanges, and over- and under-invoicing in trade settlements.

Among these means, leakage in the balance of payments and trade misinvoicing by businesses are key conduits of capital flight.

Researchers called for efforts to make the anti-money laundering department of the central bank fully active and operative. The government may actively consider gradual movement toward capital account convertibility, they said.

Bangladesh Bank Governor Atiur Rahman, who inaugurated the conference, said Bangladesh Bank has strategically lengthened its policy horizon through various initiatives.

"In addition to ensuring the traditional focus on macro-financial stability, Bangladesh Bank has emphasised a sustainable and inclusive central banking agenda."

"The goal is to have higher and better quality growth that can lift all Bangladeshis, ensure social cohesion and empowerment, and protect the environment," Rahman said.

To promote good corporate governance, monitoring has been enhanced in the areas of responsibility and accountability of the board, said Rahman.

"Internal control structures are being strengthened and the process of risk identification, measurement and mitigation streamlined, to move closer to international best practices."

Banks would have to adopt the best global practices of corporate governance and implement it with a broad mindset, said Toufic Ahmad Choudhury, BIBM director general.

"More transparent, accountable and ethical human resource practices may ensure that banks resort to self-regulation rather than base their working on regulatory requirements."

In another paper authored by Md Akhtaruzzaman, economic adviser of Bangladesh Bank, and M Abdul Wahab and Mohammad Shahriar Siddiqui, joint directors, said the risk management practices in the banking sector in Bangladesh have served their purposes fairly in averting systemic crises.

"But there is no room for complacency. These practices must be improved."



DIAMOND WORLD

Dilip Kumar Agarwala, managing director of Diamond World, attend the inaugural of Diamond World's privilege card for its customers at Gulshan Club in Dhaka on Friday.



AB BANK

Debaprosad Debnath, general manager of Bangladesh Financial Intelligence Unit at Bangladesh Bank, and Shamim Ahmed Chaudhury, managing director of AB Bank, pose at an event to launch real-time sanction screening system by AB Bank to combat money laundering and terror financing.